Form (2)
Sr. No. 2469
Dated 19.3.98

The Myanmar Investment Commission

PERMIT

Permit No. 307/98 Date 19th MARCH 1998

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MR. SAWADA, SUMIO

(b) Citizenship JAPANESE

(c) Address 3-15-3 KAMIFUKUOKA, KAMIFUKUOKA-SHI, SAITAMA, JAPAN

(d) Name and address of principal organization FUJITSU LIMITED, 1-1, KAMIKODANAKA 4-CHOME, NAKAHARA-KU, KAWASAKI 211-88, JAPAN

(e) Place of incorporation JAPAN

(f) Type of business in which investment is to be made MANUFACTURING AND MARKETING OF TELECOMMUNICATION EQUIPMENT AND PERSONAL COMPU

(g) Place (s) at which investment is permitted PLOT C-1 AND C-2, MINGALADON INDUSTRIAL PARK, YANGON.

(h) Amount of foreign capital US $ 9.512 MILLION

(i) Period for bringing in foreign capital WITHIN THREE YEARS FROM THE DATE OF ISSUANCE OF PERMIT

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US $ 9.512 MILLION

(k) Permitted duration of investment 50 YEARS

(l) Name of the economic organization to be formed in Myanmar MFC LIMITED

Chairman

The Myanmar Investment Commission

မြန်မာနိုင်ငံ ... မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်
စာအမှတ် ၂၄၉၉
နေ့စွဲ ၁၉.၃.၉၈

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့် ပြု မိန့်

ခွင့်ပြုမိန့်အမှတ် ၃၀၇/၉၈ .... ၁၉၉၈ ခုနှစ် မတ် လ ၁၉ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် MR. SAWADA, SUMIO

(ခ) မည်သည့်နိုင်ငံသား JAPANESE

(ဂ) နေရပ်လိပ်စာ 3-15-3 KAMIFUKUOKA, KAMIFUKUOKA-SHI, SAITAMA, JAPAN

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ FUJITSU LIMITED, 1-1,KAMIKODANAKA 4-CHOME, NAKAHARA-KU, KAWASAKI 211-88, JAPAN

(င) ဖွဲ့စည်းရာအရပ် JAPAN

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ဆက်သွယ်ရေး ပစ္စည်းများ နှင့်ကွန်ပျူတာများထုတ်လုပ်ရောင်းချခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) မြေကွက်အမှတ် (စီ-၁) နှင့် (စီ-၂)၊ မင်္ဂလာဒုံစက်မှုဇုန်၊ ရန်ကုန်မြို့

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၆.၁၁၂ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ခွင့်ပြုမိန့်ရရှိပြီး (၃) နှစ်အတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၆.၁၁၂ သန်းနှင့်ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း ၁၀ နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည် MFC LIMITED

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

653 / 691, Merchant Street, Yangon

Our ref : Ya Ka-1/443/97(2469)
Dated : 19th March 1998

Tel : 272219, 272855
Fax : 095-01-282101

Subject : **Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing and Marketing of Telecommunication Equipment and Personal Computers" under the name of "MFC Limited".**

Reference: Ministry of Construction Letter No. 32/Khwe-3/95(C-731) dated 4-3-98

1. The Myanmar Investment Commission, at its meeting 5/98 held on 6-3-98 had reviewed the proposal for investment in "Manufacturing and Marketing of Telecommunication Equipment and Personal Computers" under the name of "MFC Limited" submitted by Fujitsu Limited of Japan as a wholly foreign owned investment.. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting 11/98 held on 11-3-98 resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 50(Fifty) years.

4. Fujitsu Limited shall provide Land Premium to the amount of US $ 2,014,258.40 (United States Dollars Two Million Fourteen Thousand Two Hundred Fifty Eight and Forty Cents Only) in favour of Mingaladon Industrial Park Co., Ltd in three instalment as follows:-

(a) the first instalment of 10(Ten) percent of the Land Premium amounting to US $ 201,425.84 (United States Dollars Two Hundred One Thousand Four H[illegible] Five and Eighty Four Cents Only) shall be paid upon s[illegible] Agreement.

(b) the second instalment of 50(Fifty) percent of the Land Premium am[illegible]ing to US $ 1,007,129.20 (United States Dollars One Million Seven Thousand O[illegible]e Hundred Twenty Nine and Twenty Cents Only) shall be paid within 1(One) month from the date of issuance of Permit.

(c) the final instalment of 40(Forty) percent of the Land Premium amounting to US $ 805,703.36 (United States Dollars Eight Hundred Five Thousand Seven Hundred Three and Thirty Six Cents Only) shall be paid to Mingaladon Industrial Park Co., Ltd by

Fujitsu Limited failing which Mingaladon Industrial Park Co., Ltd. shall have the right to terminate the Agreement at its own discretion and the first instalment and the second instalment shall be forfeited.

5 Fujitsu Limited shall pay the annual ground rent on yearly basis at the rate of US $ 0.30 (United States Dollars Thirty Cents Only) to the amount of US $ 10986.86 (United States Dollars Ten Thousand Nine Hundred Eighty Six and Eighty Six Cents Only) and the Management Fees and Utility Charges to be paid in accordance with the estate conditions of the Mingaladon Industrial Park to the Department of Human Settlement and Housing Development. The land rent shall be reviewed every 5(Five) years and the increase of the rent shall not be more than 15(Fifteen) percent of the previous rent.

6 Fujitsu Limited shall provide a security deposit to the amount of US $ 10986.86(United States Dollars Ten Thousand Nine Hundred Eighty Six and Eighty Six Cents Only) to the Mingaladon Industrial Park Co., Ltd. on the date of signing of the Sub-Lease Agreement.

7 In issuing this "Permit" the Commission has granted the following exemptions and reliefs:

(a) As per Section-21(a), exemption from income-tax up to three consecutive years from the year of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax on profits of the business if they are maintained in a reserve fund and re-invested therein within one year after the reserve is made, MFC Limited shall apply for such exemption only after 3-year tax holiday period.

(c) As per Section-21(c), MFC Limited shall be granted to accelerate depreciation in respect of machinery, equipment, building or other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment. However, MFC Limited shall have to apply to the Commission such rates of depreciation.

(d) As per Section-21(d), relief from income tax up to 50 percent on profit accrued from export, such relief has to be applied, upon actual performance, following 3-year tax holiday period.

(e) As per Section-21(e), MFC Limited shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(f) As per Section-21(f), the Commission has also approved the right t- the income of the above-mentioned foreigners at the rates ..., residing within the country.

(g) As per Section-21(g), regarding the right to deduct from the asse- -e income such expenses incurred in respect of research and development relating t the enterprise which are actually required and are carried out within the State, MFC Limited shall apply, upon actual performance of such research and development programme, only after 3-year tax holiday period.

(h) As per Section-21(h), regarding right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from

income-tax. MFC Limited shall file the case, if any, to the Ministry of Finance and Revenue in accordance with Section-4 of the Income Tax Amendment Law, 1991

(i) As per Section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction

(j) As per Section-21(j), exemption from customs duty and all other internal taxes on such raw materials and additional import of machinery, equipment and spare parts which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction

8 Fujitsu Limited, shall have to sign Sub-Lease Agreement with Mingaladon Industrial Park Co., Ltd After signing such Agreement, (5) copies each of the signed Agreement shall have to be forwarded to the Commission

9 MFC Limited, in consultation with the Department of Company Administration, Directorate of Investment and Company Administration shall have to be registered After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission

10 MFC Limited shall use its best efforts for timely realization of works stated in the Proposal If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void

11 The official date of operation shall be reported to the Commission

12 MFC Limited shall endeavour to meet the targets for production and export stated in the proposal as the minimum target

13 The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal MFC Limited shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians

14 In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investm[illegible] is compulsory to report as early as possible in the following manner

(a) The amount of foreign currency brought into Myanmar, attached w[illegible] [illegible]cessary documents issued by the respective bank where the account is opened

(b) The detailed lists of the type and value of foreign capital defined un[illegible]er Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Sub-Committee

15 Whenever MFC Limited brings in foreign capital defined under Section 2(h) of the said Law, other than foreign currency in the manner stated in paragraph 14(b) mentioned above, the Inspection

Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached

16 After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

17 MFC Limited shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible

18 MFC Limited shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems

19 MFC Limited shall follow the procedures prescribed by the Commission, vide letter No. Ya Ka-7/408/94 (0424) dated 29-6-94 [Annexure(3)] to expedite the clearance of imports of capital and inter-industry use goods brought in as capital investment and raw materials required during the initial 3-year operation period.

20 Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of MFC Limited.

21 MFC Limited, in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law

By Order,

Brig-Gen Maung Maung

Sec

Mr. Sawada, Sumio
Fujitsu Limited
c/o Director General
Department of Human Settlement and Housing Development

cc
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue

6. Ministry of Commerce
7. Ministry of Construction
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs
10. Ministry of Immigration and Population
11. Ministry of Labour
12. Ministry of Electric Power
13. Chairman, Committee for Assisting the Myanmar Investment Commission (Governor, Central Bank of Myanmar)
14. Chairman, Foreign Capital Evaluation Sub-Committee (Director General, Central Equipment Statistics and Inspection Department)
15. Director General, Directorate of Investment and Company Administration
16. Director General, Customs Department
17. Director General, Internal Revenue Department
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Managing Director, Myanma Insurance
21. Managing Director, Myanma Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman, Union of Myanmar Chamber of Commerce and Industry